



DEGREE THESIS

NGUYEN CONG SON

Managing Hotel's Operation in Viet Nam in Global Economic Crisis

A case study on cost reduction in hotel

Nguyen Cong Son

Arcada University of Applied Sciences

International Business

Helsinki 2010

DEGREE THESIS	
Arcada	
Degree Programme:	International Business
Identification number:	10200
Author:	Nguyen Cong Son
Title:	Student
Supervisor (Arcada):	Professor: Mr. Sveinn Eldon
Commissioned by:	
<p>Abstract:</p> <p>The aim of the research for this thesis is to find out the costs which can be reduced in hotels in Vietnam to cope with difficulties and challenges from the global economic crisis. The idea is to find out what kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel, how the costs reduction affect quality of hotel's products and services. In order to achieve goals of the research, two structure telephone interviews were conducted in a case study in the Huu Nghi hotel in Vietnam. The qualitative method was applied to collect opinion of a loyal guest and secondary data from the hotel's vice manager. The collected data were analysed with comparison to previous studies which illustrated by table and figure graphs. The results show that hotel can reduce such as marketing cost, employee cost, water cost, energy cost, material waste cost, food & beverage cost, purchasing cost. Hotel's cost reduction can lessen its quality. This research concludes that almost costs can be reduced in hotel operation but affect the quality of hotel's product and service.</p>	
Keywords:	Managing Hotel Vietnam, Economic crisis, Cost reduction
Number of pages:	52
Language:	English
Date of acceptance:	18.01.2011

TABLE OF CONTENTS

Acknowledgements	8
1 INTRODUCTION.....	9
1.1 Background.....	9
1.2 Motivation	9
1.3 Problem discussion	10
1.4 Aim of the research	11
1.5 Limitations	12
1.6 Theoretical framework.....	12
1.6.1 Theory of research question one.....	12
1.6.2 Theory of research question two	13
2 LITERATURE REVIEW OF COSTS REDUCTION.....	14
2.1 Hotel cost structure	14
2.2 Costs control	15
2.3 Saving of water consumption	15
2.4 Saving of energy consumption.....	18
2.4.1 Heating, ventilation and air conditioning	18
2.4.2 The energy audit.....	19
2.5 Materials and waste management.....	21
2.5.1 Product purchasing management	22
2.5.2 Food and beverage management	22
2.5.3 Paper management	23
2.5.4 Waste management in guest rooms	23
2.5.5 Waste management in Kitchens.....	23
2.6 Human resource management in hotel	25
3 METHODOLOGY.....	26
3.1 Research Approach: Qualitative	26
3.2 Research strategy: Case study	26
3.3 Data Collection Method.....	27
3.3.1 Qualitative Interview	27
3.3.2 Method of recording.....	28
3.4 Questionnaires design method.....	29

3.4.1	Design stage	29
3.5	Sample selection method: Hotel Industry in Viet Nam	30
3.6	Data analysis method.....	31
3.7	Reliability and Validity	32
3.8	Research ethics.....	32
4	CASE STUDY: HUU NGHI HOTEL IN HAI PHONG CITY, VIETNAM.....	33
4.1	Background of Huu Nghi hotel	33
4.2	Cost reduction in Huu Nghi hotel	33
4.2.1	Marketing cost reduction in Huu Nghi hotel.....	34
4.2.2	Water saving in Huu Nghi hotel	35
4.2.3	Electricity saving in Huu Nghi hotel	35
4.2.4	Gas saving in Huu Nghi hotel	36
4.2.5	Food and beverage saving in Huu Nghi hotel	36
4.2.6	Materials and waste management in Huu Nghi hotel	37
4.2.7	Product purchasing management in Huu Nghi hotel	37
4.2.8	Employee reduction in Huu Nghi hotel.....	38
5	RESULTS	39
5.1	What kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel?	39
5.1.1	Marketing cost reduction	39
5.1.2	Water consumption reduction	39
5.1.3	Electricity consumption reduction	41
5.1.4	Gas consumption reduction	42
5.1.5	Food and beverage waste reduction.....	43
5.1.6	Material waste reduction	43
5.1.7	Purchasing waste reduction.....	44
5.1.8	Employee reduction	44
5.2	How does the costs reduction affect quality of the hotel's products and services?	44
6	DISCUSSION AND CONCLUSION.....	46
6.1	What kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel?	46
6.2	How does the costs reduction affect quality of hotel's products and services?	47

6.3	Research discussion	47
6.4	Conclusion	48
6.5	Implication	48
	REFERENCE LIST	49

LIST OF FIGURES:

FIGURE 1: The Quality characteristics matrix, p.10

FIGURE 2: Typical hotel water audit, p.16

FIGURE 3: A typical energy audit, p.20

FIGURE 4: Energy consumption based on 100 hotels of size 200-1000 rooms, p.20

FIGURE 5: Forms of qualitative interview, p.28

FIGURE 6: Note-taking method, p.28

FIGURE 7: The sampling process, p.30

FIGURE 8: Advertising campaign panel and brochure of Huu Nghi hotel (2010), p.34

FIGURE 9: Graph of water consumption in a typical hotel, p.40

FIGURE 10: Graph of water consumption in Huu Nghi hotel, p.41

FIGURE 11: Graph of energy consumption in a typical hotel, p.41

FIGURE 12: Graph of energy consumption in Huu Nghi hotel, p.42

FIGURE 13. Graph of gas consumption in Huu Nghi hotel, p.43

LIST OF TABLES

TABLE 1: Effect of cost structure on profitability, p.14

TABLE 2: Typical water consumption (m³ per person per year, p.17

TABLE 3: Typical energy consumption for hotel (kWh/m²), p.21

TABLE 4: Distinctions between quantitative and qualitative data, p.26

APPENDICES

APPENDIX A: Interview 1

APPENDIX B: Interview 2

Glossary of terms, abbreviations and definitions

Compensation: All financial and nonfinancial rewards given to management and non management employees in return for the work they do for the hotel.

Back office: offices or departments that come in indirect contact with the customers.

Banquet room: large hotel room or hall available to public for functions where food may also be served

Energy consumption (kWh): = power rating of appliance (kW) x time in use (h).

Fixed costs: are the cost which do not change as volume changes such as building, insurance and rates

Front office: marketing, sales, and service departments that come in direct contact with the customers.

JIT: Just in Time method creates the delivery of goods by the seller into a specific location at the required time by the buyer, just before the goods are needed.

Kilowatt (kW) = 1000Watt

Paperwork: the work that requires manpower, time, paper, invoice, phone call, fax, email for one purchasing order.

Semi-fixed costs: the costs that are constant within a defined level of activity but that can increase or decrease when activity reaches upper and lower levels.

Variable cost: the costs that change due to the change of guest volume in which the products and services involved

VAT: Indirect tax levied on the domestic consumption of goods and services.

Working capital : Cash available for day to day operations of a firm

Acknowledgements

It is an exciting work when conducting a bachelor thesis it requires effort and dedication from the researcher. Yet, this research would not been completed without valuable support of concerned persons during the process. Therefore, we would like to express our sincerely thanks to Professor, Mr. Sveinn Eldon for his supervision that helps us overcome difficulty of the research, and his timely and valuable feedback. In addition, we would like to send our special thanks to the vice manager of Huu Nghi hotel for giving valuable information, data for our research and the patron of Huu Nghi hotel for his evaluation and information concern with our research.

Helsinki, December 2010

Nguyen Cong Son

1 INTRODUCTION

In this chapter the background information, problem discussion, aims of research, research questions, limitation and theoretical framework, research questions theories of the thesis' topic will be presented to see how the research was conducted.

1.1 Background

The influence of the global economic crisis on the hotel industry is huge when it first occurred in USA in 2008. The hoteliers try every effort to reduce as many costs as possible in order to come over the difficulty in hotel operation. All the hotels are challenging with difficulties, and wise managers will have good solutions and methods to operate efficiently. Drastically, there must be an union in all people working the hotel include from top to lowest levels with very good cooperation that can bring positive results in hotel business (<http://www.globalassetsolution.com>).

An earlier survey of the accounting and consulting firm Grant Thornton Viet Nam showed that the global economic crisis extremely affected Viet Nam's hotel industry. According to the sixth edition of the unique research on 50 luxury hotels and resorts in Vietnam from three to five star with 7,911 rooms doing their business all over, average occupancy rates drop to 14.2 per cent in 2008 to be seen as the smallest level in the past four years. The other survey conducted in 2008 showed that all kinds of luxury hotel underwent a decline for mean occupancy rate, the three star hotels dropped 21 percent as the biggest, the four star hotels dropped 8.6 percent and five star hotels dropped 13.4 percent (<http://www.asianewsnet.net>).

1.2 Motivation

Vietnam is a new tourism destination for tourist and an attractive land for foreign investors in the recent years, yet, the numbers of leisure and business guests are decreased since the global economic started in 2008. Therefore, the hotel industry business in Vietnam is facing big challenges and difficulties. The competition among the hotels is very stiff; every hotel has to operate to at least reach the even point in this difficult period. The motivation for choosing this topic is to provide a clearer understanding how the hotels in Vietnam manage to survive through cost reduction strategy in the global economic crisis.

1.3 Problem discussion

Recruiting sufficient good employees is big matter for many hotels especially for some frame positions in hotel operation, and it relates to turnover levels which hotel manager has to reduce and minimize by applying possible methods. On the other hand, fewer employees required to work efficiently in order to improve productivity. Therefore, “recruit from nontraditional employee labor markets, including younger, inexperienced workers, the elderly and physically challenged individuals” is disadvantages for hotel (Hayes and Ninemeier 2007, p29). In addition, wise hotel manager can use every method, knowhow, and tactics to reduce costs but maintain high quality of hotel products and services as well. “Interestingly, downsizing, which involves reducing the number of staff members employed, has been met with only limited, if any, success in many hotels” (Ibid).

According to Lockwood, Baker, Ghillyer (1996, p.4 quoted in British Standard 4778, 1987) the definition of “quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy a stated or implied need”. See figure 1.

	TANGIBLE	INTANGIBLE
PRODUCT → Nature of the contact SERVICE →	The food and beverage product Facilitating goods: china, glass, cutlery Information: menu Process: e.g eftpos*terminal	Atmosphere Aesthetics Feelings Comfort
	Actions Process Speed Script Corrective action	Warmth Friendliness Care Service

Figure 1. The Quality characteristics matrix

Source: From Quality Management in Hospitality, (Lockwood, A, Baker, M, Ghillyer, A 1996, p.5)

One of core elements to attract customers is the quality of products and services offered, delivered to customers. If quality is not in satisfaction of customers, they will complain and do not support those products and services. Although the high equipment and facilities help managers improve quality of the products and services, personal contact is still a key factor, and warmly way to satisfy customers through delivery of products and services. Furthermore, quality is a big advantage for any company who doing business in global integration market place (Lockwood, A, Baker, M, Ghillyer, A 1996, p.7).

Price is a second core element to attract customer, price can create the customer value because customer always expect not only quality but also good price of products and services. In addition, it requires managers to apply all possible managerial methods and skills to satisfy customers through products and services and satisfy employees by offering good working condition, environment, and salaries. If employees are satisfied, they can satisfy customers by delivering products and services in a well-trained way (Jones and Lockwood 2004, p.7).

According to Kotler, Bowen & Makens (1999, p.348) customers evaluate quality of product and service through hotel's performance which influence their decision on paying. In other words, customer satisfaction depends on how product and service are offered and delivered. Objectively, "if performance matches expectations, the customer is satisfied. And if performance exceeds expectations, the customer is highly satisfied or delighted". Hayes and Ninemeier (2007, p.116) states that hotel can encourage employees to work efficiently by offering them compensation, good salaries which can cover their working life expenses such as food, shelter, clothing, and other necessities. Moreover, good and fair compensation policies represent that contributions of employees for hotel are worthwhile.

1.4 Aim of the research

The aim of the research for this thesis is to find out the costs which can be reduced in hotels in Vietnam to copes with difficulties and challenges from the global economic crisis. Based on the background information and problem discussion mentioned above, two research questions are designed to support the aim of this research as follows:

1. What kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel?
2. How does the costs reduction affect quality of hotel's products and services?

1.5 Limitations

This research focus on the cost reduction of hotel in order to find out how the result is, there are some restraints that limit this research, the data collected is not adequate as our expectation. Due to the competition secrete, the hotel vice manager only provided quantitative and qualitative data in general. On the other hand, it is difficult to approach the hotel's accounting figures, thus, we mainly concentrate on as many savings in hotel as possible to see how they reduce the costs. Furthermore, due to limited time frame and difficulty mentioned, we hope to develop more on this research in the near future when possible.

1.6 Theoretical framework

A theoretical framework explains the form in either graphical or in narrative way, In addition, it is easier for theoretical framework to be generated when research questions are introduced Bell (2009, p.103, quoted in Miles and Huberman1994, p.18). In addition, the loaded fact which can be drawn, summarized perfectly thanks to a good theoretical framework, it help process the findings and improve researcher's acquaintance base Bell (2009, p103, quoted in Polit and Hungler 1995, p.101). With the aim is to answer two research questions mentioned above, the selected literature concentrate on the issue of whatever can be saved and what kind of methods, tactics are used for saving in hotel operation. Radically, it is found most suitable to support the data collection in this research.

1.6.1 Theory of research question one

The aim for the first question is to find out the result of cost reduction which help hotel reduce expenses and get more benefit. According to Kirk when costs are reduced, hotel get benefit because there are more chances for hotel to improve or expend more facility to satisfy guests, or hotel has more budgets to pay expenses. Moreover, guests can get benefit by being offered with low prices of products and services, employees also get benefit with better working conditions, more satisfaction in job thanks to fewer percentage of absenteeism and fewer turnover rate of employee.

1.6.2 Theory of research question two

The aim for the research question two is investigate how the cost reduction affects quality of products and services in hotel. According to Lockwood, Baker, Ghillyer customers always require better quality and price of the products and services which they pay for, and the better performance of the products and services. Otherwise, reputation of hotel is damaged. Hayes & Ninemeier state that good hotel directors will try every effort to reduce all possible costs, include labor cost in controllable way but still maintain good quality of products and services.

2 LITERATURE REVIEW OF COSTS REDUCTION

In this chapter, the relevant theories and definition related to cost reduction will be explained and discussed. The costs are possible to be reduced in the hotel's operation especially the saving of particular items; materials and sources will be discussed.

2.1 Hotel cost structure

According to Jones and Lockwood (2004, pp.94-95) fix or semi-fixed costs account for over 90 percent of hotel capital which affect the hotel's revenue. So price must be considered carefully when being applied for hotel product and services. These fix or semi-fix costs include buildings, plant, fixtures, fittings and marketing which lead to the increase of depreciation, insurance, rates of fixed cost. And, the increase of such as heating, lighting, maintenance, repairs and manpower is also a matter of life and dead for the hotel operation. Moreover, if the operation of the hotel with high level of fixed costs, clearly the hotel' sales volume will be reduced dramatically, the profit of the hotel will be narrowed. The management board can maximize the income by generating variable costs such as issuing different tariff for different room types. The income of hotel is influenced by variable cost, "variable costs are proportionately only a small part of the cost (and hence the price charged), this provide a great deal of discretion for the hotel manager in terms of setting a price" (Ibid). See table 1 below:

Table 1. *Effect of cost structure on profitability*

	Business A		Business B	
	Normal Results (£)	Decreased sales (£)	Normal results (£)	Decreased sales (£)
Sales	10,000	9,000	10,000	9,000
Fixed costs	6,000	6,000	2,000	2,000
Variable costs	2,000	1,800	6,000	5,400
Total costs	8,000	7,800	8,000	7,400

Source: From The Management of Hotel Operations: An innovative approach to the study of hotel management (Jones, P & Lockwood, A 2004, p.94).

2.2 Costs control

According to Tim (1998, p.116) it is not easy to build a cost frame for the operation costs for a medium hotel, thus, the operation costs can be basically broken down and controlled efficiently. The labor cost and dimension of the hotel are proportional with each other, and they need to be analyzed, considered carefully by the hotel management team if they want to minimize labor expenses for better operation. There is a real that when the sale volumes fall down, all costs include labor cost will raise proportionally “Financial policy will determine the levels of profitability, subsidy or cost limits to be expected from the business as a whole, and the contribution to the total profit” (Tim 1998, p.207).

Price of products and services are the key factors that impact customers’ buying behaviors, the hotel must calculate and control not only how to achieve expected profit but also attract customer that make them decide to buy. And, “A cost-based, or cost plus” are applied by many organizations to decide the price for products or services which affected by the input costs include “material, land, labor, and capital”. Furthermore, fixed and variable costs must be controlled efficiently to maintain good quality of products and services (Tranter, Stuart &Parker 2009, pp.116-117).

2.3 Saving of water consumption

According to Kirk (1996, p.32) one of the most important issues to be discussed that the water must be taken into consideration in every hotel due to the scarce of water resource in the earth which need to be protected because the water circulate in all areas in the. Therefore, managing the water resource is very essential which can be considered as follows:

- Waste of water diminishes a scare resource and costs the hotel money
- Waste of hot water wastes not only water but also energy
- Poor quality supplies can provide a health risk to guests and employees
- Poor quality water supplies can increase the running and maintenance costs of equipment and reduce its life
- Contaminated waste water increases the load on effluent plants and may endanger the water supply of others (Ibid).

According to Kirk (1996, p.41) water consumption in hotel indicated by many different activities in different locations which need water, so that water use audit must be carried out regularly see Figure 2. In addition, water consumption numbers need to be compared with

earlier numbers of hotel or with numbers of other hotels to see the differences, thus the hotel can adjust timely to reduce cost

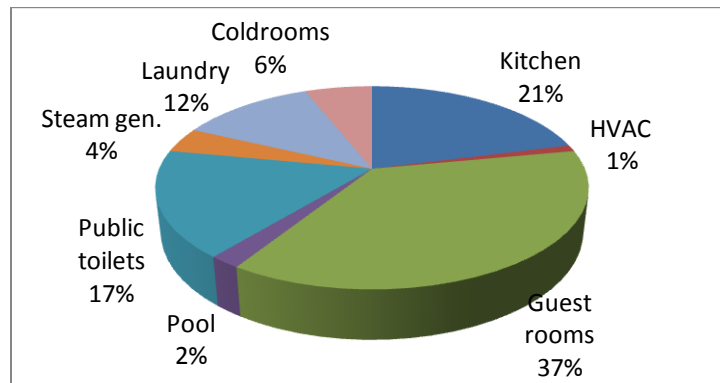


Figure 2. Typical hotel water audit.

Source: From Environment Management for Hotels: A student's hand book (Kirk, D 1996, p.41)

In addition, “year-on-year performance” might represent the audits which have been conducted for years before, and the audits should be compared with other hotels as the standard level to evaluate the hotel water consumption. In order to compare proportionally, “it is necessary to know the annual consumption (C) of water for the hotel and average number of guests per day (G) for the year and water consumption is illustrated in m^3 per customer per year = C/G ” (Kirk 1996, p.41). Furthermore, concrete elements it must be considered to find out whether it influences the water consumption such as hotel's laundry can consume higher with 25 percent of total water consumption, other elements also consume high amount of water like swimming pool, air condition and other entertainment equipment (Ibid).

According to Kirk (1996, pp.41) when hotel room occupancy is adjusted it leads to the changes in water consumption remarkably. There will be a proportional relationship among guest occupancy and water consumption when number of guests raised, and, more water and energy will be consumed see table 2.

Table 2. Typical water consumption (m³ per person per year)

Type of hotel	Performance			
	Good	Fair	Poor	Very Poor
Large hotel (more than 150 rooms)	<220	230-280	280-320	>320
Medium (50-150 rooms)	<160	160-185	185-220	>220
Small (less than 50 rooms)	<120	120-140	140-160	>160

Source: From Environment Management for Hotels: A student's hand book (Kirk, D 1996, p.41 Based on Table 3.1 and 3.2 of IHEI (1993)).

Kirk (1996, p.42) pointed out that high water consumption in the hotel increase the level of input costs, and water consumption always affect energy consumption because hot water need to be boiled by energy. In order to reduce water consumption, the best ways are to make people working in hotel be aware of the importance of water so that they will try their best to minimize water use. If guests are also aware of this matter, they will do the right actions in reducing water.

There are some good instructions mentioned below:

1. Improve efficiency by training all personnel to understand, operate and maintain the hotel's equipment and systems in energy –efficient manner and to minimize the waste of water.
2. Invest in the building, equipment and system to improve efficiency.
3. Measure efficiency as a standard procedure, particularly for those areas which are major consumers of water such as boilers, chillers, cooling towers and air-handlers.
4. Set targets for each department and continuously monitor the results.
5. Constantly look for improved technology which is suited to hotel application. Place utility conservation projects on the same levels as projects related to interior decoration, structural changes, extension, addition ect.
6. Good training is the first and most important step and it should be an on-going process for all staff (Ibid).

According to Kirk (1996, p.43) good water supply system can be installed when hotel is being built which can minimize water consumption with different normal water and hot water supplying branches to prevent waste of water and energy. Furthermore, it can prevent the accident from hot water. It needs to be considered to control water consumption that baths consume much more water than showers. Furthermore, the inspection for water supplying system in hotel must be carried out regularly to find out whether design details work, and regular maintenance is also needed to make system run smoothly. In order to make the water supply system work efficiently, some methods should be applied as follows:

1. Carry out a water use audit in the hotel, which will show how and where water is consumed and identifies potential areas of savings.
2. Differentiate between consumption of domestic hot water, hot water for guest use, potable cold water supplies and non-potable supplies.
3. Compare total and individual consumption figures with hotel industry benchmarks to determine potential savings.
4. Prepare a summary of opportunities.
5. Seek the advice of independent experts for analysis, recommendations and evaluation.
6. Using the water use audit results establish realistic goals for each department in the hotel.
7. Communicate to all employees the commitment to water management and explain the objectives and goals together with data on consumption, costs and trends.
8. Gain the participation of all staff through the capitalization on their knowledge, experience and knowledge of the building.
9. Encourage staff to put forward their ideas and proposals to save water.
10. Establish a monitoring and targeting system.
11. Provide training so that staff will understand the reasons for water management and what they can do to make prudent use utilities and to operate equipment in an efficient manner (Ibid).

2.4 Saving of energy consumption

Hotel spend higher energy compare to other manufacture buildings, offices and schools which use natural air pipe Kirk (1996, p.47 quoted in Energy Efficiency Office 1994a). There is no doubt if all the people try to manage the energy in an efficient ways, so they can get benefit. The hoteliers and the hotel personnel can get benefit when they apply good methods for controlling the energy in the hotel which need not many employees and can minimize the operation costs. Certainly, beside the hoteliers and personnel, the hotel employees and guests get benefit as well thanks to the cost reduction. On the other hand, when the input expenses of the hotel are lower, the hotel can afford to offer the guests with low prices for hotel products and services, and the working condition of hotel employees will be enhanced due to smaller rate of employee turnover (Kirk 1996, p.47). Furthermore, some results from environment protection for reducing resources consumption like energy, water and food & beverage showed much money can be saved if applying good methods and tactics Kirk (1996, p.14 quoted in Iwanowski and Rushmore, 1994).

2.4.1 Heating, ventilation and air conditioning

According to Kirk (1996, p.64) energy consumption per guest accounts from 25 to 50 percent hotel's total energy cost. For the subtropical and tropical nations, energy efficiency is easy to gain for the small hotel with small consumption amount, but, bigger amount for high class hotels following the instructions below:

- Building characteristics energy-conservation factors designed into fabric; retrofitting energy conservation measures;

- Matching source to load flexible systems which are efficient across the range of operating conditions (number of customers, climate ect.); heating system may be 70-80 percent efficient at full-load but only 30 percent efficient at one-third load. The hotel may operate at full load for only a few days a year, for example in the extreme climatic conditions and with full occupancy. Sophisticated control systems, linked to computer logging facilities, can optimize heating systems
- Decreasing loads reducing lighting consumption, decreasing number of air changes, peak demand control
- Increasing efficiency improving efficiency of plant across the range of operating conditions
- Reducing costs cheapest utility source and best available tariff
- Recovery of waste energy recovers the energy normally lost to the atmosphere or drains from exhaust systems, swimming pools, condense heat recovery, boiler flue heat recovery (Ibid).

Lighting consumes from 15 to 20 percent of electricity in hotel, air condition is also affected by lights because it is used heat, and lights are used to help heating network a little bit. Watt is used to calculate lighting inlet, yet, it needs to be converted from electricity with concrete tactics. If hotel is installed lighting system with low electricity consuming capacity such as compact fluorescent tubes, halogen bulbs replacing high electricity capacity, hotel can reduce much energy cost and maintenance cost (Kirk 1996, p.68).

2.4.2 The energy audit

According to Kirk (1996, pp.53-54) well-design energy control plan is made by energy audit (see figure 3.) in main pace, collected data is analyzed and assessed with clear purpose in order to test and evaluate energy consumption in all locations in hotel. Therefore, it needs consideration and investment for aspect of hotel department or main customers. In general, total energy consumption in hotel indicated by previous records of necessary consuming data, related statistics, facility technical information, and weather forecast. In addition, valuable tactic for minimizing energy consumption is that “sub-metering” equipment should be installed in particular locations like kitchens, laundry room, so hotel can control energy consumption at desired level. Moreover, “sub-metering” can contribute to hotel as follows:

- Accurate energy audits
- Correct determination of true efficiencies of major consumers such as chillers, boilers and air handlers
- The ability to trace inefficiency and waste
- Immediate feedback of results of specific energy conservation measure that would otherwise be lost in the total consumption of the building
- Enhanced departmental management accountability; by placing responsibility with the individuals who control and consume utilities
- Determination of the feasibility of capital investment projects ad their resultant true savings after installation
- Control of public utility meters and deliveries
- Information on consumption for designers and energy experts for the proper sizing of new or replacement equipment (Ibid).

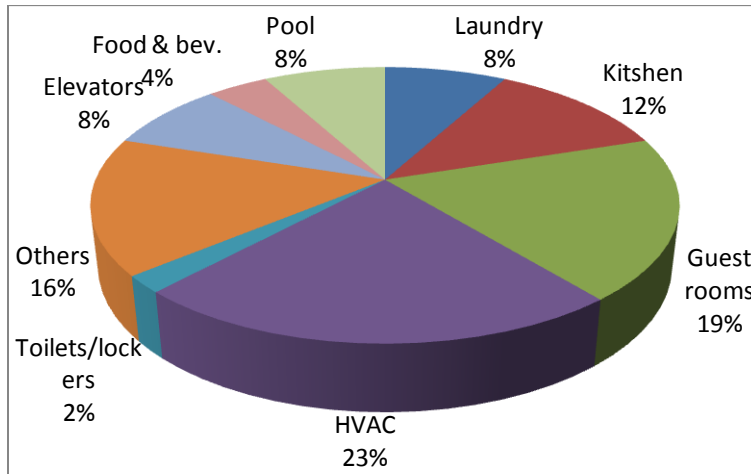


Figure 3. A typical energy audit

Source: Environment Management for Hotels: A student’s hand book (Kirk, D 1996, p.57 based on IHEI, 1993, Figure 3.2 (a))

According to Kirk (1996 pp.54-55, quoted in Energy Efficiency Office 1993) different hotels with various sizes will consume different amount of energy. In addition, the environment of hotel such as building dimension, location of hotel and weather element also affects the energy consumption of hotel. Furthermore, the energy origin combination can help control energy consumption. And, “typical energy sources, based on average value for 100 international hotels of between 200 and 1000 bedrooms” can be seen in Figure 4.

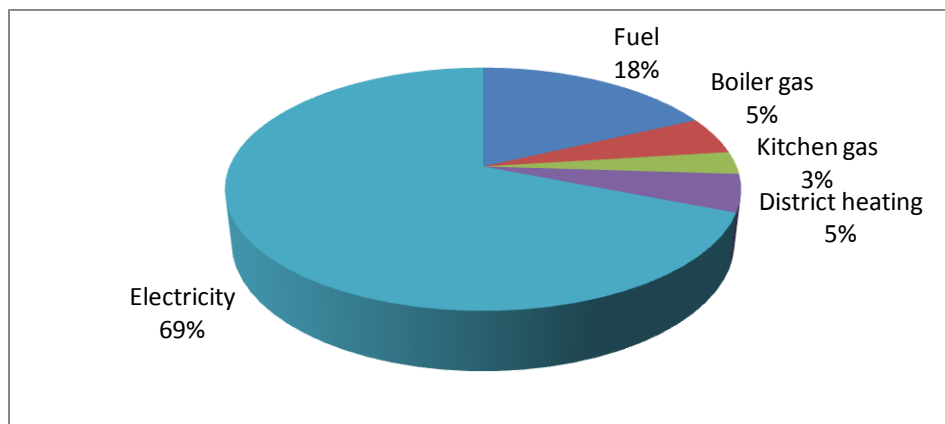


Figure 4. Energy consumption based on 100 hotels of size 200-1000 rooms

Source: From Environment Management for Hotels: A student’s hand book (Kirk, D 1996, p.55 based on IHEI, 1993, Figure 3.1)

Kirk (1996 p.55) argued that “in order to calculate total energy consumption and to compare this with industry average figures it is necessary to convert all amount of energy and fuel consumption to the same units of energy. This is commonly expressed as kWh”. See table 3.

Table 3. Typical energy consumption for hotel (kWh/m²)

Category	Good		Fair		Poor	
	Fossil	Electricity	Fossil	Electricity	Fossil	Electricity
Luxury hotel >150 rooms	<300	<90	300-460	90-150	>460	
Business/holiday hotel >140 rooms	<260	<80	260-400	80-140	>400	
Smaller hotel >120 rooms	<240	<80	240-360	80-120	>360	

Source: From Environment Management for Hotels: A student’s hand book (Kirk, D 1996, p.55 based on Energy Efficiency Office (1993)).

2.5 Materials and waste management

Kirk (1996, p.103) states that waste management involves all steps of an operation from designing product, incorporating purchasing policy to production chains. An effective waste management aims to maximize the profit and reduce the pollutant at the same time by utilizing the value of all resources. Each individual in the organization must take the responsibility for the waste management. Furthermore, minimizing waste requires carefully considered production plans. They can help discover and eliminate the lavishness, even before it occurs. After that, there will be other following reduced costs in procurement, transport, storage and processing.

In order to eliminate the waste, strong design and plan are carefully considered in initial time. All types of waste need to be identified in waste audit which shows the location where waste. An investigation needed to find out how the waste occur therefore proper countermeasures can be apply to prevent the. Somehow, waste is difficult to be seen until waste material is witnessed. It is difficult to estimate the waste in a waste audit and there is no concrete event of waste in shape of yield (Kirk 1996, p.107). In fact, the cause leads to waste is believed that it is created in

process of making and delivering food in hotel operation more than other catering types. In order to minimize waste of food stuff, waste processor should be installed to protect the environment, prevent pollution and save (ibid).

2.5.1 Product purchasing management

According to Kirk (1996, pp.105-106) it is proved that another factor should be taken into consideration is purchasing policies. Instead of focusing on suitability for use and value for money as in traditional policies, the current ones concentrate more on developing partnerships with suppliers in ensuring the appropriate quality and suitable packaging of materials. 'Just in Time' techniques show how purchasing activities affect quality and waste of goods. This effort, if being applied, would bring an advance to the sustainability of suppliers and the use of recycled materials (Ibid). And there are some purchasing principles as follows:

- Buy only what is really needed
- Buy material of an appropriate quality to reduce defective material
- Buy locally where possible to support the local community and to reduce transportation
- Buy in appropriate quantity-too small quantities will increase the transport costs, too large may result in spoilage and, in any case, increase stock-holding costs
- Buy for energy efficiency
- Buy recycled products or products in recycled packaging where at all possible
- Buy products which are made from and packed in materials that are recyclable
- Consider renting instead of buying
- Beware of exaggerated claims by vendors
- Favor products that are gentle on the environment, such as biodegradable detergents
- Avoid disposable products where possible
- Minimize packaging (Ibid).

2.5.2 Food and beverage management

Food production and food service in hotel operation are believed to be the factors which create waste, the hotel industry creates more waste of food and drink than other catering industry. According to a study in UK in the beginning of the 1980s that the hotel industry generates more food waste like cooked food up to 15.5 percent in restaurants and hotels meanwhile, the waste in catering in general accounts for 11.4 percent. Apparently, the waste of food will increase the hotel's expenses which lead to other extra waste of cost such as cost for preparing food, cost of energy for cooking, transporting, storing food. On the other hand, the cause is from wrong purchasing decisions and bad cooperation between concerned departments in food management (Kirk 1996, p.107).

2.5.3 Paper management

According to Kirk (1996, p.108) hotel operation generates a big amount of paper similarly to other businesses which require paper as a working tool. Hotel should try to reduce and minimize the paper use by all possible methods other than concentrate on paper recycling purpose. Total paper amount can be reduced by applying purchasing and waste analysis such as assessing all management report considering how long and big or what kind of quality the paper should be used. Furthermore, fixed amount of paper for one month, one year or “double-sided photocopies” should be provided to every department in hotel in encouraging people to reduce paper and save budgets.

2.5.4 Waste management in guest rooms

Kirk (1996, p.69) states that “guest rooms consume a major proportion of the hotel’s energy and water typically 30 percent of the total for the hotel”. There are two elements which influence the consumption, they are climate and room occupancy, “climate affects heating and air-conditioning loads, occupancy affects other source of energy and water consumption”. Therefore, saving methods can be as follows:

- Monitoring utility consumption on an hourly basis for 24 hours and noting the relationship between usage and activity. Excessive use of water during the night might indicate leaks, and high usage of water between 10 am to 4 pm might indicate excessive usage by housekeeping staff for cleaning purposes.
- Modifying the cleaning procedures of housekeeping staff. In some hotels cleaning of bedrooms can account for one -third of water consumption in the rooms.
- During the period of low occupancy, concentrating rooms allocated to areas of the hotel which are zoned for heating purposes. This allows those areas of the hotel not in used to be shut off.
- Adjusting thermostats for summer and winter use to prevent guest adjusting the temperatures by opening windows.
- Training housekeeping staff to switch off lighting and televisions as soon as rooms are vacated.
- During hot and cold weather keeping curtains closed to reduce heating/cooling gains.
- Adjusting the volume of water usage by toilet flush to 6-8litres.
- Installing pressure regulators on shower-heads and flow restrictors on water taps and sinks.
- Installing thermostatic control valves on radiators.
- Installing key switches on power supplies to rooms (Ibid).

2.5.5 Waste management in Kitchens

According to Kirk (1996, pp.70-71) if there are no good management and plan for kitchen areas there will be a big waste of energy like gas, electricity and water. In addition, big amount of water can be wasted if used in un-proper ways “when defrosting the frozen foods, cleaning vegetables, blanching vegetables”. A research pointed out that waste in kitchens in hotel is “two to three times” higher than other kinds of catering. The hotel can therefore minimize the waste in

kitchens as much as possible and these reduction activities do not affect customer satisfaction.

Hotel can save much money in general kitchen operations by following steps below:

- Training staff to switch off equipment and lighting which is not needed in the next 10-15 minutes.
- Match the capacity of equipment to the production needs since both over-and undersized appliances can lead to inefficiencies.
- Fully load ovens, dishwashers ect, before use.
- Several part- filled refrigerators are less efficient than one full one.
- Train staff to match pan size to hob diameter since if a burner/element larger than the pan is used, energy is wasted.
- Ensure that the bases of pans used on solid-top ranges have not become distorted.
- Do not place hot foods straight into cold rooms.
- Frozen foods should be defrosted in the refrigerator or cold room, which is good practice from a hygiene point of view and also reduces the energy demand on the refrigeration plant.
- Maintain temperature of water from hot taps at 50-60°C
- Install flow restrictors on tap (Ibid).

Saving in food preparation:

- Load and unload ovens, steamers and refrigerated cabinets as quickly as possible and do not leave door open.
- Whenever possible, cover pots, pans while cooking.
- Ensure maintenance contract includes adjustment of gas burner.
- Install the timers to switch off cooking processes automatically.
- Use internal thermometers to avoid the necessary to open the door when checking core food temperatures in oven, ect.
- Segregate cooking equipment from refrigeration equipment within the kitchen (Kirk 1996, p.72).

Savings in sanitation:

- Use hot water only when necessary.
- Do not use running water for cleaning purposes.
- Accumulate full loads for dishwasher; do not keep a flight washer running with no loads or small loads.
- Install heat recovery on dishwashers to recover energy from final rinse cycle (Ibid).

Savings on refrigeration:

- Turn off light in cold rooms (decreased cooling load).
- Make sure all doors closed properly, gaskets are in good condition.
- Keep coils free from ice build-up.
- Adjust defrost cycles to come on at night or other off-peak time.
- Transfer deliveries of chilled and frozen food into store as soon as possible to reduce any warming (Ibid).

According to Drummond (1998, pp.33-34) environment protection issue is a key orientation for every hotel when operating because waste of food, beverage and other materials caused by bad storage methods can be a waste of hotel's money and damage the environment as well.

Furthermore, hotel personnel have to control waste by checking very often because waste can happen as follows:

- goods go past their sell-by date;
- goods are damaged through careless storage;
- theft and pilferage.

“Old stock should always be bought to the front of the shelf in any storage facility. This minimizes the risk of goods going past sell-by dates and thus minimizes the risk of the purchased goods not attracting profit in hotel operation” (Ibid).

2.6 Human resource management in hotel

All hotel managers have to make important decisions on reducing expenses while still maintaining good hotel's performance in global financial crisis. Some hotels apply downsizing method which dismiss some employees, because salaries and other allowances of employees account for large expenses. Therefore, hotel manager has to apply a right treatment and explanation for layoffs, together with paying them the suitable package correspond to their contribution for the hotel based on labor codes. So that the employees who must go are comfortable and happy and still tell good stories about the time they work in hotel. For the employees “who survive downsizing process are well engaged to assist in accomplishment of the company's overall goals” and they are highly expected by management board. Yet, these employees are worried about their work stability, work pressure, payment and coming move of hotel. In general, hotel management board has to apply right management skills, strategies and tactics which encourage employees work efficiently to help hotel survive in this economic crisis. (<http://www.articlesbase.com/>).

3 METHODOLOGY

In this chapter, the research approach, research strategy, data collection, questionnaires design, sample selection methods with other necessary issues needed for the research will be described. On the other hand, the aim of the research is explained through the methods which help obtain necessary information to answer the research questions.

3.1 Research Approach: Qualitative

If secondary data cannot be used to complete all research targets, primary data must be collected by researchers to fulfill research targets Berglund & Halvarsson (2008, p.12 quoted in Hair, Money, Samouel and Page, 2007, p.193). According to Ghauri, Gronhaug & Kristianslund (1995, pp.83-84) the difference between qualitative and quantitative must be recognized, the findings in qualitative research are not statistical presentation or other methods in a numeral way, qualitative focuses “social process” and coordinate “rational, explorative and intuitive. In contradiction with qualitative, quantitative method present evidences in numeral way and focuses on “social structure” (Ibid). See table 4.

Table 4. *Distinctions between quantitative and qualitative data*

<i>Quantitative data</i>	<i>Qualitative data</i>
<ul style="list-style-type: none">▪ Based on meanings derived from numbers▪ Collection results in numerical and standardized data▪ Analysis conducted through the use of diagrams and statistics	<ul style="list-style-type: none">▪ Based on meanings expressed through words▪ Collection results in non-standardized data requiring classification into categories▪ Analysis conducted through the use of conceptualization

Source: Research Methods for Business Students (Saunders, Lewis and Thornhill 2003, p.378 developed from Dey (1993); Healey and Rawlinson (1994); authors’ experience).

3.2 Research strategy: Case study

According to Saunders, Lewis and Thornhill (2003, p.93 quoted in Robson 2002, p.178) when conducting a research, case study can be used as a strategy that related to “empirical investigation” for a similar event among practical situation giving various basis proof. Case study can afford to answer the questions ‘why?’, ‘what’ and ‘how’. Yet, ‘what and ‘how’ question concentrate more on survey method. Furthermore, collecting data for a research also

can use other methods such as questionnaires, interviews, observation, and secondary sources; and researcher should determine how to approach data, what kind of methods and strategies can be used (Ibid).

“Case study is an in-depth investigation. It accordingly uses different methods to collect various kinds of information and to make observations. These are the empirical materials through which the object of study will be understood”. In addition, case study has strong relationship with “empirical materials” which can create a lot of valuable findings thanks to various natures (Hamel, Dufour & Fortin 1993, p.45). Case study has its own strength when doing “exploratory phase of an investigation”. Case study is believed to be a most suitable research strategy compare with other strategies like surveys, histories which suitable for descriptive phase, “and that experiments were the only way of doing explanatory or causal inquiries” (Yin 1994, p.3).

3.3 Data Collection Method

3.3.1 Qualitative Interview

As proved by many research experts, interview can be conducted in formal and structured way with well-designed questions for specific interviewee. And, interview can be also conducted in informal and unstructured way such as in conversations between interviewer and interviewee. However, how formal and structured interviews are depend on which levels interviews categorized such as “*structure interview; semi-structure interview; unstructured interview*” (Saunders, Lewis and Thornhill 2003, pp.246-247). Questionnaires for *structure interviews* concentrate on “predetermined and standardized or identical set of questions”. Semi-structure interviews based on various subjects and questions prepared by interviewer which can be changed in different interviews. Finally, *unstructured interviews* are conducted in informal way, the interview question for this type are not designed beforehand (Ibid).

According to Saunders, Lewis and Thornhill (2003, p.269) telephone interview focuses on collecting qualitative data through telephone which easily obtains “access, speed, and lower cost for researcher”. Telephone interview does not require the researcher to meet the interviewee, thus, researcher can save much time and money other than “face-to-face” interview. Furthermore, telephone interview has advantages connected with data collection speed and it can

offer lower cost. And it is believed that telephone interview bring some advantages and create free feeling for researcher who conduct it (Ibid). See figure 5.

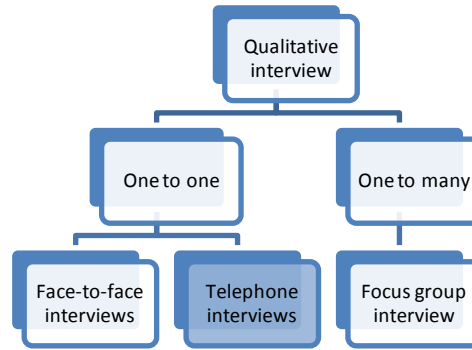


Figure 5. *Forms of qualitative interview*

Source: Research Methods for Business Students (Saunders, Philip and Thornhill 2003, p.247).

3.3.2 Method of recording

According to Dawson (2009, p.67) there are some advantages and disadvantages of note taking method mentioned in figure 6 below.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Do not have to rely on recording equipment which could fail. • Is the cheapest method if on a very limited budget. • Interviewees may think they have something important to say if they see you taking notes while you write they may add more information. 	<ul style="list-style-type: none"> • Cannot maintain eye contact all the time. • Can be hard to concentrate on what they are saying and to probe for more information. • Can be tiring. • Will not have many verbatim quotations for final report.

Figure 6. *Note-taking method*

Source: Research Methods (Dawson 2009, p.67).

Due to difficulties about money, distance and time, collecting the secondary data is considered as a best choice for this research, and two telephone interviews are conducted using “structure interview” standards with “Note-taking” method. The interviewee who provides the data is a vice manager of Huu Nghi hotel in Hai Phong city in Viet Nam that we will discuss in the case study chapter. Because it includes both quantitative and qualitative data so that before implementing the interview through the telephone, we sent two different interview guides. The first one to interviewee (Mr. Trung Thanh Pham – Huu Nghi Hotel vice manager) and the second one to interviewee (Mr. Thao Phuong Ta - a patron of Huu Nghi Hotel) by emails in advance. So that it can make them fully understand of the aim of the research and their rights as well. Therefore, Mr. Trung can prepare and gather concrete, precise facts and figures or quantitative data from related departments in the hotel. And, Mr. Thao can remember and gather all the events he has experienced using the products and services of Huu Nghi Hotel for the appointed interviews.

3.4 Questionnaires design method

Jobber (2001, p.171) states that in order to obtain correct response from interviewee, interviewer must be aware of three elements which may affect the data collecting result. Firstly, questions must be easy to be understood by interviewee; secondly, interviewee must feel convenient to answer the questions; and thirdly, interviewee must not be reluctant to answer the questions. In addition, “questions need to be phrased in the language that respondent understands the meaning in order to give right answers”.

3.4.1 Design stage

According to Jobber (2001, p.172) the design stages for questionnaires must follow valuable tips mentioned below:

- **Ordering of topics:** questions must be easy to answer and be started at beginning of interview in logical order that make interviewee feel convenient in relax interview atmosphere.
- **Types of questions:** there are two types of questions, open-ended questions help obtaining more ideas and point of views from interviewee. Meanwhile, closed-ended questions just concentrate on a concrete area of discuss planed by interviewer.

- **Wording and instructions:** unfamiliar words, ambiguity, leading questions, or two-questions-in-one must be avoided when building questionnaires to make interviewee feel convenient to respond to interview efficiently.

It is not easy for us in designing questionnaires for the interview and we have to consider what kinds of questions should be designed in order to be suitable with research purpose and research questions. On the other hands, the interviewee is not allowed to provide the information concerned with the hotel’s competition strategy. Therefore, the first questions are about the general information of the hotel and the interviewee in order to make him feel convenient to respond to questions. Thereafter, the targeted questions concern with the research topic and research questions were asked (see appendices).

3.5 Sample selection method: Hotel Industry in Viet Nam

According to Jobber (2001, p.168) researchers have to carefully consider sample size when deciding to choose a typical sample. Apparently, how correct the population represented depending on how large the sample size is. It is said that there can be a sample error which is allowed in calculation such as an error of not interviewing all people in the population with different sample size. Yet, in real life when interviewing people there will be a proportional influence within error of sample and determination of cost. “Fortunately sample sizes of around 1000 (or fewer) can provide measurements that have tolerable error levels when representing populations counted in their millions”. See figure 7.

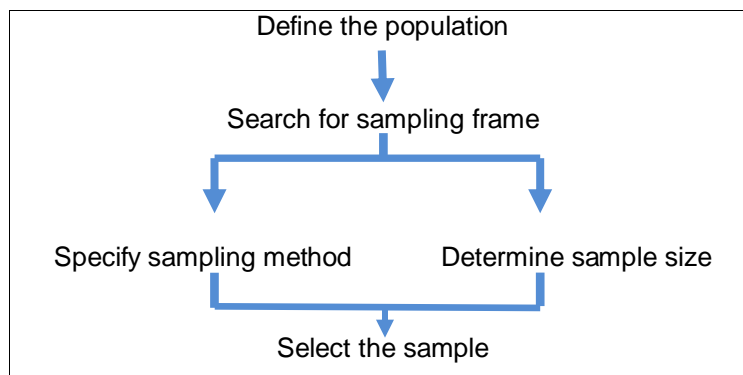


Figure 7. *The sampling process*

Source: Principles & Practice of Marketing, 3rd edn (Jobber, D 2001, p.168).

Drastically, we have to focus on some viewpoints about the history, size, and location of the hotel which enable us to collect the expected information and data. The importance is that personnel in the selected hotel are willing to answer the questions and provide necessary information for the study. Furthermore, there are some interests for us to explore more about this hotel's operation, and that is a reason why we decided to choose the Huu Nghi hotel in Hai Phong city of Vietnam to conduct a case study.

3.6 Data analysis method

“Raw data taken from questionnaires, interview schedules, checklists, ect. need to be recorded, analyzed and interpreted. A hundred separate pieces of interesting information will mean nothing to a researcher or a reader unless they have been categorized and interpreted” (Bell 2009, p.203). According to Huberman & Miles (1994, pp.10-11) once the data is collected by researcher, an analyzing process of data must be carried out in order to interpret collected data to get results for a research. Whereby, when processing data there are three steps should be applied as follows:

- **Data reduction:** data is selected, simplified and transformed in order to be easy to understand, more controllable for each study from various types of data nature.
- **Data display:** reduced data is taken and displayed which is organized in suitable and concrete method then a conclusion is easily drawn for a study.
- **Conclusion drawing and verification:** appropriate responses are explained including note –taking in regular way, model, explanations, probable configurations, reason flows and identifications (Ibid).

3.7 Reliability and Validity

Reliability is described by Krippendorff (2004, p.212) as “the degree to which members of a designated community agree on the readings, interpretations, responses to, or use of given texts or data”. Therefore, it is considered as a translation perception of reliability. Krippendorff (2004, p.212 quoted in Kaplan and Goldsen 1965, pp. 83-84) stated that “the importance of reliability rests on the assurance it provides that data are obtained independent of the measuring event, instrument or person”. Data can be defined as reliable when it is persistently remained in dimensioning process through all variation. Krippendorff (2004, p.212) proved that “in contrast to reliability, validity concerns truths. Researcher cannot ascertain validity through duplications. Validity tests pit the claims resulting from a research effort against evidence obtained independent of that effort”.

3.8 Research ethics

According to Bell (2009, p.46) it requires the agreement of the person who provides researcher information, materials through data collection methods such as interview, question, observe. In addition, it also requires a permission that how the collected data will be used, analyzed and reported and published. According to Saunders, Lewis and Thornhill (2003, p.129) researcher’s plan is concerned with receiving access from individuals, organizations in order to collect data, analyze, and report. In addition, researcher’s behavior is considered to be ethical when the rights of involved people in the research are respected.

4 CASE STUDY: HUU NGHI HOTEL IN HAI PHONG CITY, VIETNAM

In this chapter the secondary data collected by two telephone interviews, one with Mr. Thanh Trung Pham, vice manager of HUU Nghi hotel and another one with Mr. Thao Phuong Ta, a patron of HUU Nghi hotel will be represented. In addition, brief background information of HUU Nghi hotel is introduced, followed by explanation of the hotel's cost reduction methods.

4.1 Background of HUU Nghi hotel

According to Mr. Pham the HUU Nghi hotel was found 17 years ago and it is a 4 stars hotel with 17 floors, 127 rooms (73 double rooms, 19 rooms include suite, villas, VIP rooms and 35 single rooms), and office for rent, meeting rooms, two bars and three restaurants. *Sao Mai* restaurant serves Western dishes, *Hoa Phuong* restaurant serves Asian dishes, and *Que Huong restaurant* serves traditional Vietnamese dishes. HUU Nghi hotel has a very good fitness center with a swimming pool, a tennis yard, a gym room, a beauty salon, a sauna room and a massage room which can offer a great care for guests' health and beauty. In addition, HUU Nghi hotel also has a business center, a traveling service office and a large-free parking.

The HUU Nghi is one of the leading and luxurious hotels in city located in major streets, near trade and entertainment centers as well as international banks. The hotel has recently 120 full-time employees. With a beautiful landscape and high standard facilities, HUU Nghi hotel strives to offer products and services which can satisfy all customers' expectation. It is an ideal destination for tourists and investors to visit Hai Phong city of Vietnam. Customers can also explore the Vietnamese culture through the quality of products, services and business style of the HUU Nghi hotel. Main target customers of HUU Nghi hotel are business people (HUU Nghi hotel of Vietnam, 2010).

4.2 Cost reduction in HUU Nghi hotel

Mr. Trung Thanh Pham is the vice manager of HUU Nghi hotel and he has 11 years experience in managing the hotel. He states that since opening of the hotel in initial years, the hotel management board is fully aware of cost reduction as a key factor to reduce operation expenses. Mr. Pham states that HUU Nghi hotel is affected by the global economic crisis like other hotels in Vietnam. Since the hotel applies special methods in cost reduction strategy from 2009, it brings the hotel a great saving for hotel's budget. This cost reduction strategy can save up to 20 percent

of the hotel's total expenses per year. In order to implement these tasks efficiently, it requires the wise and timely solutions, decision of management board and the enthusiasm, dedication of all employees who are the direct factors to reduce costs. The hotel's target is to reduce all costs possible include fixed and variable costs. Appropriate usage of equipment and regular inspection, maintenance activities can prolong service life for all the hotel assets and facilities. Whereby, the hotel can reduce large amount of capital from buying new equipment, facilities for the broken ones.

4.2.1 Marketing cost reduction in Huu Nghi hotel

Mr. Pham explains that marketing is a very large issue and not easy to discuss, it relates to the Huu Nghi hotel's sales & marketing strategies which create a competitive advantage. The cost reduction strategy somewhat affect marketing activities. The hotel temporarily cut the deal with some expensive advertising channels such as national and local television networks; instead, the hotel expands more marketing efforts concentrating on brochures. This is one of the most effective ways to attract customers and it does not require much budget like other tools. In addition, the Huu Nghi hotel's marketing brochures are well-designed with colorful and beautiful graphics. See figure 8.



Figure 8. Huu Nghi hotel's advertising panel and brochure in 2010.

Source: from Huu Nghi hotel

4.2.2 Water saving in Huu Nghi hotel

According to Mr. Pham the hotel consumes about twenty one thousands water cubic meters (21.000m³) per year. Demandingly, the hotel apply strict rules and regulations for personnel and staff to save as much as possible the water, energies and other materials to reduce the operation costs that reduce the prices of products and services. The water supply systems are usually checked to prevent leaking, the housekeeping staff are asked to press the water handles properly when cleaning to prevent waste of water. Employees are also asked to save water when taking shower to prevent unnecessary running water, and to use the washing machine with full capacity for proper quantity in each use time. Furthermore, the hotel's staying guests can contribute largely on water saving. In each guest room, there are a statement that the water source is limited and the guests' contribution to water saving is an environment protection effort. Mr. Pham states that the hotel can save about 6 percent of water consumption compare with previous years when applying special saving methods.

4.2.3 Electricity saving in Huu Nghi hotel

Mr. Pham tells that every year the hotel consumes about five hundred and forty thousand kilo watts of electricity (540.000 kW) per year. The hotel apply strict rules and regulations for energy saving and ask all the employees to fulfill. In the autumn of 2010 the Huu Nghi hotel participated in the 'earth hour' event to save energy for the world. At that time all the electricity in the hotel was cut for one hour and the hotel save a remarkable amount of money. Energy saving methods applied by the Huu Nghi hotel is as follows:

- Using the energy saving equipment and facilities such as low watt lighting systems where necessary, equipment with various notches to adjust the energy when possible.
- Installing the equipment and facilities in suitable and right order places and locations to prevent the waste of time and money when repaired.
- Using freezers, fridges properly with opening limitation, setting the temperatures properly and checking, repairing regularly especially the rubber seals to prevent air leaking.
- Setting the temperature for air conditioners over twenty degrees is encouraged, checking, cleaning regularly the air filters and carrying out the whole system maintenance every year.

- Setting the boilers and chillers in a suitable modes in certain seasons in order to save the energy.
- Turning on/off the lighting system properly in all the locations in the hotel.

According to Mr. Pham the electricity saving methods help the hotel save about 4 percent compare with the consumption amount from previous years.

4.2.4 Gas saving in Huu Nghi hotel

The hotel consumes about twenty thousand cubic meters of gas (20.000 m³) per year, and the hotel issues the stimulation on using gas in the kitchens such as adjusting the cooking flame suitably for each kind of dishes, using the 5 centimeter-metal ring covered the diagonal flame when cooking to prevent the waste of gas and thermal. Moreover, it can prevent the fire and explosion caused by the misuse of gas. Thanks to the saving methods, the hotel can save about 5 percent compare to the consumption amount from previous years, says Mr. Pham.

4.2.5 Food and beverage saving in Huu Nghi hotel

According to Mr. Pham food & beverage director and restaurant managers have to calculate, assess the amount of food and beverage for each certain event in hotel to prevent the waste of food and beverage. Storage of food & beverage must follow the hotel's procedures, and personnel from food & beverage department must fully cooperate with purchasing department to prevent abundant stuff. Because it can cost more for food storage and increase the hotel's cash flows. For example, the hotel advertises for a buffet dining in restaurants and probability that the numbers of guests who will come must be calculated in order to prepare suitable amount of food and beverage. It is a big matter if waste of food and beverage occurs, it means that the hotel waste the time and money for buying material, cooking food, making drink. Furthermore, the hotel fulfills a commitment with government for environment protection. The hotel's personnel regularly check and do inventory for food and beverage in the stores in order to prevent waste. Because if the stock set in a wrong order (old items are set behind or under new items on the shelves), there will be a possible waste of expired stock.

4.2.6 Materials and waste management in Huu Nghi hotel

Mr. Pham states that the hotel applies good purchasing techniques to prevent unnecessary materials from wrong purchasing orders which require money and manpower for storage. The Huu Nghi hotel considers good controls of materials such as shower cap, soap, shampoo, toothbrush, toothpaste, razor, comb, slipper, cotton tip, tissue, toilet paper in guest room and frying oil, bottle, can, linen stuff, paper, cardboard, plastic bag are very important. These materials are handled by housekeeping department, and housekeeping staff are asked to use correct quantity and try to make use of all used materials as many as possible. These materials are checked regularly by responsible supervisors and manager, the periodic and annual inventory is a must. The used products and materials are sold to the contractors for recycling. It brings the hotel a remarkable amount of money contributing to the total revenue. For the paper usage in the back office and front office, all the people are encouraged to use as many the left side of used paper for such as inter-office memorandums, notices as possible.

4.2.7 Product purchasing management in Huu Nghi hotel

Mr. Pham believes that purchasing management is extremely important for the operation of hotel. The hotel will lose much budget if there are no accurate, proper and flexible management skills and plans to prevent waste from unduly, inappropriate or wrong purchasing activities. Furthermore, there are three main sales activities such as room sales; food sales; and beverage sales which affect largely purchasing activities. Because the more room occupancy level, and the more reservation for banquet rooms, restaurants, the more food, beverage and other necessary materials needed through purchasing activities. In addition, beside three main sales there are some other sales activities also important for hotel's revenue like sales in souvenir shops, tours sales, vehicles hire.

These sales activities also concern with purchasing activities. Mr. Pham also states that in order to manage and control purchasing activities efficiently all the departments in the hotel must cooperate with each other drastically. Daily operation of the hotel is reviewed in every working morning in order to adjust and give right, timely solutions to the problems occurred. In order to control purchasing activities efficiently the hotel applies the "J.I.T" (just in time) technique to reduce transporting cost, storage cost, cost for manpower and to increase working capital. In

addition, Huu Nghi hotel only select the suppliers who are the professionals in supplying field and can offer best price and quality compare with other suppliers.

4.2.8 Employee reduction in Huu Nghi hotel

According to Mr. Pham the hotel management board carefully consider about employee reduction and layoffs. The hotel terminates the contracts with employees whose performances are not in management board's expectation and abundant positions in some departments. Despite the lower rate in room occupancy, the hotel still has many other service areas that need attendance of employees especially in restaurants and banquet rooms in wedding season. With two third of 90 million population are young people in Vietnam and the wedding season is from October to March, almost all hotels in Vietnam have fully-booked schedules in organizing wedding parties. In order to have enough employees for this busy time, the hotel recruit some part-time workers and the hotel do not have to pay insurance and other working allowances like full-time employees. Due to big number of customers attending to parties in Huu Nghi hotel simultaneously so it is not easy for employees to meet all the customers' needs. Therefore, the hotel receives some customers' complaints about slow service deliveries.

5 RESULTS

In this chapter, the collected secondary data from the case study in chapter four will be analyzed based on the research questions. These analysis will present findings, and will be compared with the theoretical framework in chapter one.

5.1 What kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel?

According to Mr. Pham the Huu Nghi hotel has made their best efforts to reduce the total cost mentioned above like reducing the water cost, electricity cost, gas cost, food & beverage cost and purchasing cost. Moreover, these cost reduction efforts will be able to offer guests better products, services, and offer the employees better working conditions. On the other hands, if the input costs of the hotel are high, the hotel will not be able to offer guests low price products and services. Without profit, the hotel will not afford to pay salary to employees and personnel.

5.1.1 Marketing cost reduction

Advertising budget are determined and established by hotel for the product which is introduce to market, and hotel has to spend an amount of money for the advertising to obtain the sales goal (Kotler, Bowen & Makens 1999, p.522). The Huu Nghi hotel can reduce a large amount of budget when the hotel terminate the deal with advertising companies that charge very expensive advertising fees for even some dozens of advertising seconds. The saving amount from expensive advertising channels then will be shared for a cheaper advertising tool like marketing brochure.

5.1.2 Water consumption reduction

Basing on the quantitative data collected, two charts are built to compare how the water consumption in Huu Nghi hotel differs from the year before and after applying cost reduction strategy and differs from the previous research. According to Kirk's study medium size hotel from 50 to 150 rooms if one person consumes less than 170 m³ of water per year, it is considered as 'good'. If one person consumes about 175 m³ of water per year, it is considered as 'fair'. If

one person consumes about 200 m³ of water per year, it is considered as ‘poor’. And if one person consumes over 220 m³ of water per year, it is considered as ‘very poor’. See figure 9.

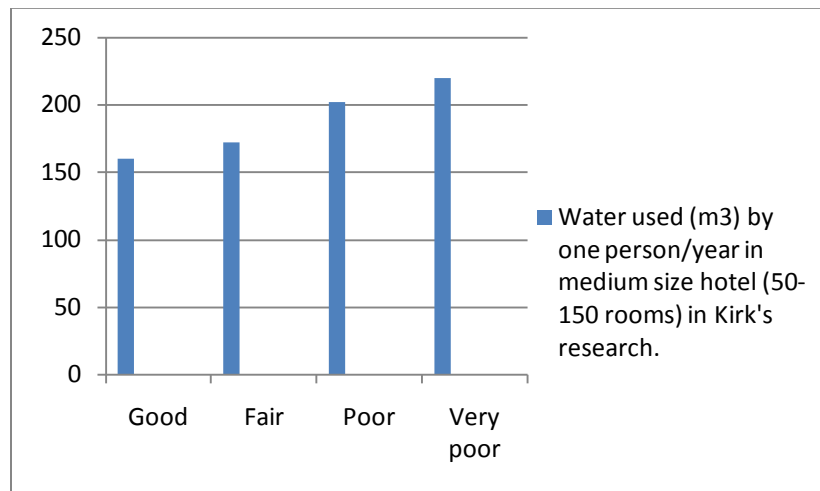


Figure 9. Graph of water consumption in a typical hotel

Source: Based on (Kirk, D 1996, p.41)

The Huu Nghi hotel consumes average 21,000 m³ of water per year, and the hotel has 127 rooms. The hotel’s room occupancy is 60 percent on average per year. Furthermore, it brings the hotel 6 percent saving compare with previous years through the cost reduction strategy, so the water consumption per guest per year will be as follows:

There are 73 double-bed rooms: $73 \times 2 = 146$ guests, 35 single-bed rooms: $35 \times 1 = 35$ guests, 19 rooms include V.I.P rooms, suite rooms and villas ≈ 28 guests. The total of guests are $146 + 35 + 28 = 209$, and $21.000 \text{ m}^3 \div (209 \times 60\%) = 167.5 \text{ m}^3$. Therefore, one guest consumes about 167.5 m³ of water per year. The hotel save 6 percent compare with the year before applying cost reduction strategy: $22260 \text{ m}^3 \div (209 \times 60\%) = 177.5 \text{ m}^3$. Through the comparison results between Kirk’s research in figure 9 and the calculation above together with figure 10, the Huu Nghi hotel’s water consumption is in good level and can save 1260 m³ ($22260 \text{ m}^3 - 21000 \text{ m}^3$) of water per year.

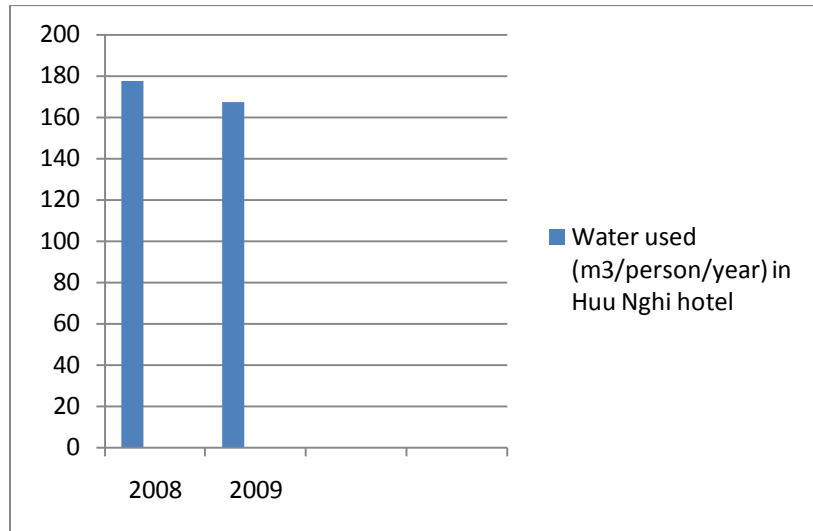


Figure 10. Graph of water consumption in Huu Nghi hotel

Source: Based on the interview with vice manager of Huu Nghi hotel

5.1.3 Electricity consumption reduction

For the electricity saving in Huu Nghi hotel, another two charts are also built to compare how is the difference between the year before and after applying cost reduction strategy in Huu Nghi hotel and previous research:

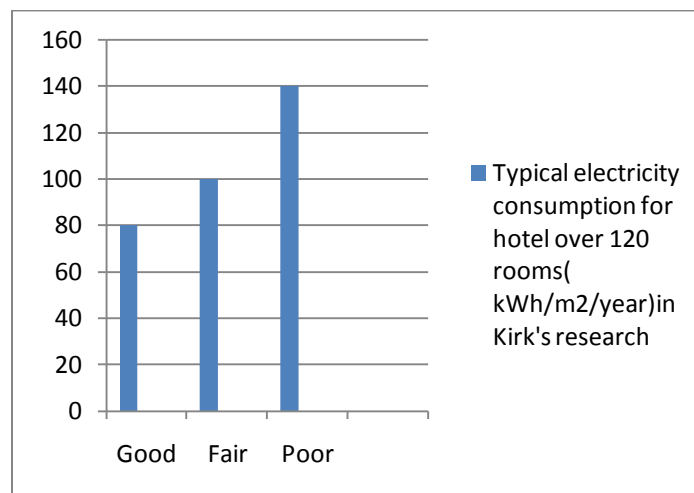


Figure 11. Graph of electricity consumption in a typical hotel

Source: Based on (Kirk, D 1996, p.55)

According to the respondent all the areas which need electricity are about 7000 m² the hotel consumes 540.000kWh per year and save 4 percent compare with the year before applying cost reduction strategy. So $540.000\text{kWh} \div 7000 \text{ m}^2 = 77 \text{ kWh/m}^2$, and $561.600\text{kWh} \div 7000 \text{ m}^2=80.22 \text{ kWh/m}^2$. The calculation shows that the hotel’s electricity consumption is in good level compare with Kirk’s research in figure 11, and the hotel can save 21.600kWh per year (561.600-540000). Refer to figure 12.

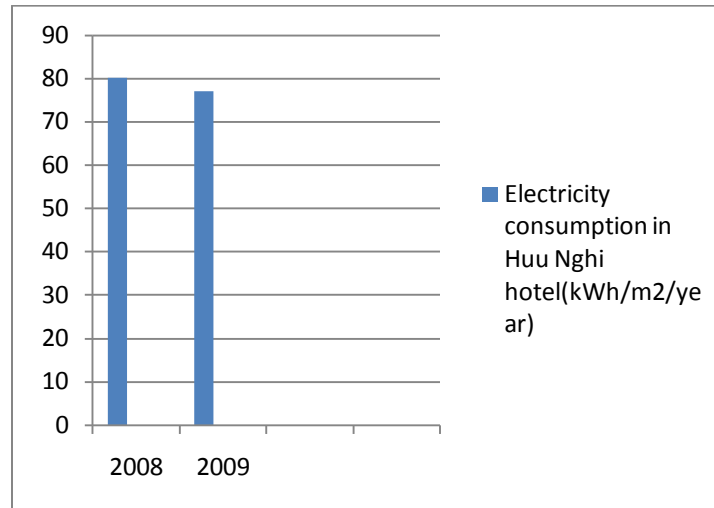


Figure 12. Graph of electricity consumption in Huu Nghi hotel

Source: Based on the interview with vice manager of Huu Nghi hotel

5.1.4 Gas consumption reduction

The respondent tells that the hotel consumes about 20.000m³ of gas per year and can save 3 percent of total gas consumption per year compare with previous year before applying cost reduction strategy: $20.600\text{m}^3 - 20.000\text{m}^3 = 600\text{m}^3$. Refer to figure 13.

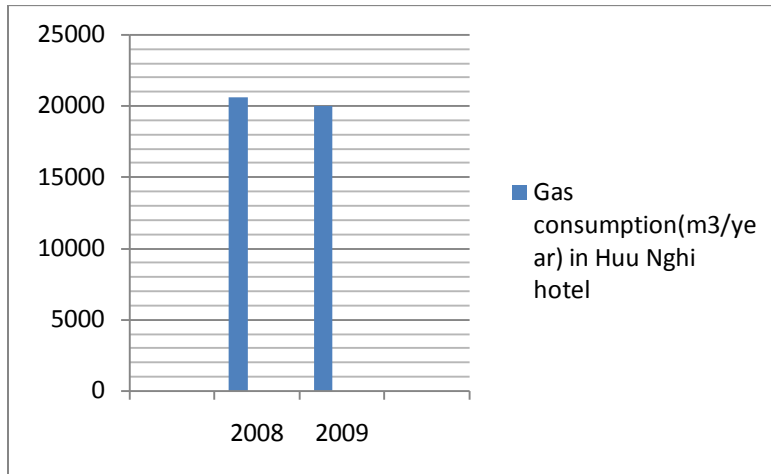


Figure 13. Graph of gas consumption in Huu Nghi hotel

Source: Based on the interview with vice manager of Huu Nghi hotel

5.1.5 Food and beverage waste reduction

Possible waste of food and beverage can occurs from service areas and activities such as offering breakfast, lunch, dinner every day during the guests’ stays. Furthermore, hotel also offer “multiple, additional restaurants operation, 24-hour room service, banquet operations” and offer other services like in bar, swimming pool, cake shop (Hayes & Ninemeier 2007, p.344). Waste of food and beverage will increase total expenses because the hotel has to buy raw materials to prepare and cook the food products, the hotel waste manpower for cooking and delivering the food and beverage products. Furthermore, the hotel will lose sales of these food & beverage products.

5.1.6 Material waste reduction

According to Kirk (1996, p.116) recycling for materials in hotel need to be considered and calculated carefully in order to minimize waste and maximize profit. The used materials must be classified and collected for re-use and sale purpose. Having a good control on the new goods and used materials can save much for the hotel’s budget and bring the Huu Nghi hotel a large benefit and minimize waste. Moreover, the hotel can protect the environment and enhance the hotel’s value.

5.1.7 Purchasing waste reduction

Good purchasing plan will bring a successful business to any hotel. When the hotel orders products from suppliers, the hotel will play the customer's role. In order to save the hotel's budget, the hotel has to manage how to "get the right products in the right place at the right time" (Drummond 1998, p.1). The Huu Nghi hotel applies purchasing technique like 'JIT' (just in time) which can reduce the hotel's cash flow, the hotel's payment for suppliers still inside its bank. Whereby, the working capital of the hotel will be enhanced giving chances to invest in other more necessary areas. Huu Nghi hotel also can save a large amount of money for VAT (value-added tax) which the hotel has to pay when purchase goods from suppliers. In addition, the hotel can save much cost of paperwork for purchasing order.

5.1.8 Employee reduction

Main reason that employees are fired is poor performance. This is an apparent event because a great deal between employer and employee are stated in working contract and hotel's orientation (<http://www.libsci.sc.edu/>). Another reason that employee are terminated is the layoffs due to cost reduction. This is involuntary termination because the employees do not expect to leave and termination may not mean employees make mistakes (<http://www.libsci.sc.edu/>).

The Huu Nghi hotel terminates the employees for two reasons include the employees' poor performance and due to the difficulty which the hotel affected by the global financial crisis. In this employee reduction, the hotel can save a remarkable amount of capital. The employees' insurance fees, annual vacation allowances, annual medical check payment, are decreased. In addition, the hotel can eliminate the payment of meals, drinks, uniforms, showing water, and salaries, for the employees who are terminated.

5.2 How does the costs reduction affect quality of the hotel's products and services?

In hotel industry, the relationship between customers and employees is based on face to face interaction. A good relationship indicates guest's satisfaction, good quality of products and services depend on the way employees deliver to customers. On the other hand, when customers are satisfied with products and services they will like the employees who deliver the products and services. There is a problem for the hotel that how to keep valued employees which can

prevent a high labor turnover. New employee faces may affect the quality of products and services since customers have habit of old employees' behavior (Riley 1996, p.165). According to the Mr. Pham the hotel received some complaints from customers for slow services in restaurants and banquet rooms.

The evaluation of the hotel's products and services are not adequate based on only personnel of the hotel. According to Mr. Ta, a patron of the Huu Nghi hotel and he is a sole trader on real estate business filed and supports Huu Nghi hotel for 10 years. The Huu Nghi hotel is described by Mr. Ta as a nice hotel with good products and services that he experienced. But, since the global economic crisis started in 2008 the quality of hotel's products and services are a little bit lessened. There are more sale promotions for accommodation especially in restaurants in the Huu Nghi hotel advertised through hotel's advertizing panels in front door, through brochures delivered to targeted and potential customers, through the hotel's webpage. Compare to the previous years, the quality of food and beverage products are not very good. There are some new faces whose attitudes are not professional like not warm and friendly, serving skills are a little bit clumsy.

Mr. Ta states that the reasons he supports the Huu Nghi hotel are the hotel is near his office, the products and services of the hotel are good with suitable prices. He gave some advices to Huu Nghi hotel's management board to improve the hotel's product and service quality especially the employees' performance. Mr. Ta also express his understanding and sympathize with the difficulties that Huu Nghi hotel faces because his business is affected as well.

6 DISCUSSION AND CONCLUSION

The aim of the research for this thesis is to find out the costs which can be reduced in hotels in Vietnam to cope with difficulties and challenges from the global economic crisis. In this chapter, the research questions mentioned in chapter one will be discussed and answered and a conclusion based on the results in chapter five will be drawn. Furthermore, we hope there will be further studies of other researchers who are interested in this topic and develop it.

6.1 What kinds of cost can be reduced and how they are reduced to minimize expenditures of hotel?

The used items or materials can be evaluated in which usable level must depend on organization's policy, orientation and management skills for its operation concern with the environment issues. If a hotel's operation is friendly with environment by targets or commitment with government, they have to manage how to prevent pollutions and to make use of used materials convert to money. The salaries and other allowances of employee and personnel account for huge amount of hotel's capital. Demandingly, each hotel has to consider how to reduce the employees in a difficult time to reduce the expenses but still maintain good quality of products and services. An efficient management of fixed cost and variable cost can contribute largely to expense reduction that decides the hotel total profit. On the other hand, each hotel has its own managing knowhow, tactics and techniques to operate efficiently and maximize the profit in favorable conditions, and can manage to survive or may operate profitably when difficulties occur. This research found that there are many high and specific costs can be reduced in hotel's operation as follows:

- Some parts of marketing cost like advertising cost can be reduced by cutting the expensive advertising channels
- Water cost can be reduced by responsibility of people who involve in water usage including employees, guests and by the reduction methods and controlling equipment of the hotel. With these efforts, one medium size hotel can save about 6 percent of total consumption of water per year.

- Electricity cost can be reduced also by responsibility of people who involve in water usage including employees, guests and reduction methods and high efficiency bulbs, and lighting equipment. With these efforts, one medium size hotel can save about 4 percent of total electricity consumption per year.
- Gas cost can be reduced by the efforts of employees in the kitchens and the saving methods of the hotel. Whereby, one medium size hotel can save about 3 percent of total gas consumption per year.
- Food and beverage waste can be reduced through the hotel's good purchasing plan, good storage management and accurate calculation of foods.
- Material waste can be reduced by applying good control techniques and by the fulfillment of concerned personnel and housekeeping staff in particular.
- Purchasing waste can be reduced through good purchasing plan, good cooperation between departments which require purchase of goods and purchasing department.
- Employee reduction can be implemented through termination the contract for the employee whose performance is not good and for the employee whose position is temporarily not necessary.

6.2 How does the costs reduction affect quality of hotel's products and services?

This research reveals that the cost reduction in hotel can affect the quality of hotel's products and services through poor performance of employees due to the labor turnover. The quality of hotel's products and services are affected when hotel attempt to substitute cheaper materials include raw foods to make products. Energy saving such as electricity can also affect the hotel's quality; the image of the hotel can be lessened since the hotel install low capacity bulbs. To make use of used goods such as amenities in guest room can also affect the hotel's quality.

6.3 Research discussion

The results of this research almost match the research aim and answer two research questions which mentioned in chapter one. The literatures, selected methods and the collected data for this research almost support the research results. The uniqueness of this research is that the results provide the perception for the importance of cost reduction and the methods applied in hotels in

Vietnam and help the Vietnamese hoteliers who need to improve the management skills, and techniques.

But, there are some inadequacies for collecting and analyzing the data for marketing cost reduction. Virtually, marketing strategy is a competitive advantage of Huu Nghi hotel (case study hotel) therefore, the approach of detail costs such as training, transportation expenses for sales & marketing staff, cost for sale promotion include sales forces, decoration designs is not successful. In addition, the variable costs for training, recruitment and room sales are difficult approach or calculate. The reason is the number of guests change every day and because the room prices are different for each targeted guest group to maximize the room sales and minimize a 'loss sales'. The maintenance costs include replacing new equipment, manpower from contractor are also difficult to approach.

6.4 Conclusion

Through the collected data and analyzed data of this research, we would like to make conclusions as follows:

- Almost all the costs of hotel can be reduced depending on the management skills, techniques and involved parties include personnel, staff and guests of each hotel.
- The quality of hotel's products and services are affected when hotel attempt to reduce as many costs as possible.

6.5 Implication

The researcher is not a financial expert or cost controller of a hotel, company therefore the analysis and collection of the data are not profound and adequate. Objectively, this research contributes to some extent for reflecting an actual situation for the young hotel industry in Vietnam when facing global economic crisis. In addition, this research may be used as a reference document for practitioners in the hotel industry in Vietnam and it is a motivation and interest for other researchers to develop and investigate more on variable costs which can be reduced for this topic.

REFERENCE LIST

Bell, J 2009, *Doing Your Research Project: A guide for first-time researchers in education, health, and social science*, 4th edn, Open University Press, Maidenhead, Berkshire.

Business Desk (2009), *Crisis Puts Squeeze on VN's Hotel Industry*. **Asia News Network** [Internet], 24 June. Available from: < <http://www.asianewsnet.net/home/news>> [Accessed 5th December 2010].

Colin, R 2002, *Real world research: A resource for social scientists and practitioner-researchers*, 2nd edn, Blackwell Publishing, Malden, MA.

Dawson, C 2009, *Research Methods: A practical guide for anyone undertaking a research project*, 4th edn, How To Books Ltd, Begbroke, Oxford.

Drummond, D 1998, *Purchasing and Costing for the Hospitality Industry*, 1st edn, Holder & Stoughton Educational, London.

Ghauhi, P, Gronhaug, K & Kristianslund, I 1995, *Research Methods in Business Studies: a practical guide*, Pricentice Hall, Hemel Hempstead.

Hayes, DK. & Ninemeier, J D 2007, *Hotel Operation Management*, 2nd edn, Pearson Education, Inc, Upper Saddle River, New Jersey.

Hamel, J with Dufour, S & Fortin, D 1993, *Case Study Methods: Qualitative Research Methods Volume 32*, Sage Publications, Newbury Park, California.

Huberman, AM & Miles, MB 1994, *Qualitative data analysis: An expanded sourcebook*. Thousand Oaks, CA, Sage Publications

Huu Nghi Hotel of Vietnam (2010), *About Huu Nghi Hotel* [Internet], Online, Huu Nghi Hotel. Available from: <<http://www.huunghihotel.vn/News>> [Accessed 4th September 2010].

Jobber, D 2001, *Principles & Practice of Marketing*, 3rd edn, McGraw-Hill, Maidenhead.

Jones, P & Lockwood, A 2004, *The Management of Hotel Operations: An innovative approach to the study of hotel management*, Thomson Learning, London.

Kirk, D 1996, *Environment Management for Hotels: A student's hand book*, Butterworth-Heinemann, Oxford.

Kotler, P, Bowen, J & Makens, J 1999, *Marketing for Hospitality and Tourism*, 2nd edn, Prentice Hall, Inc, Upper Saddle River, NJ.

Krippendorff, K 2004, *Content Analysis: An introduction to its methodology*, 2nd edn, Sage Publications, Thousand Oaks, California.

Lockwood, A, Baker, M, Ghillyer, A 1996, *Quality Management in Hospitality*, 1st edn, Cassell, Wellington House, London.

Maina, E, (2009) *Maintaining high employee performance during a recession*. **Articlesbase** [Internet], May. Available from: <<http://www.articlesbase.com> > [Accessed 2 December2010].

Riley, M 1996, *Human Resource Management in The Hospitality & Tourism Industry*, 2nd edn, Butterworth-Heinemann, Linacre House, Jordan Hill, Oxford.

Saunders, M, Lewis, P & Thornhill, A 2003, *Research Methods for Business Students*, 3rd edn, Financial Time, Prentice Hall.

Tim, K 1998, *Hospitality Management: Hotel marketing planning*, 2nd edn, Financial Time, Prentice Hall.

Tranter, A K, Stuart, HT & Parker, J 2008, *Revenue Management for the Hospitality Industry: Principles and Practices for the Real World*, 1st edn, Pearson Prentice Hall, Upper Saddle River, New Jersey.

University of South Carolina (2010) *Termination 101, Firing An Employee In The Special Library/Information Center* [Internet], Columbia, University of South Carolina. Available from: <http://www.libsci.sc.edu/bob/class/clis724/SpecialLibrariesHandbook/Termination_101.html > [Accessed 8th January2011].

Yin, RK 1994, *Case Study Research: Design and Methods*, 2nd edn, Sage Publications, Thousand Oaks, California.

APPENDICES

APPENDIX A: Interview 1

Mr. Pham Thanh Trung, Vice Manager, Huu Nghi Hotel in Hai Phong City in Vietnam

Telephone: 00(84)313823244

Date: 6.9.2010

Interview method: telephone

Duration: 35 minutes

Method of recording: Note-taking

Interview questions

- 1- Could you please introduce briefly about your hotel and its history?
- 2- How long have you been working for the hotel?
- 3- How many employees are working for your hotel now?
- 4- Could you please describe briefly about your hotel business since the global economic crisis started in 2008?
- 5- What kinds of cost does your hotel reduce to operate in this global economic crisis?
- 6- How many average m³ of city tap water and water from hotel's well consumed in your hotel per year and the amount you saved compare with the amount of previous years?
- 7- What kinds of saving method do you apply to reduce the water in guests' rooms and other areas in your hotel and the amount you saved compare with the amount of previous years?
- 8- How many average kWh of city electricity consumed in your hotel per year?
- 9- What kinds of saving method do you apply to reduce electricity in all the areas in your hotel and the amount you saved compare with the amount of previous years?
- 10- How many average m³ of gas consumed in your hotel per year?
- 11- How do you save the gas consumption in the kitchens in your hotel and the amount you saved compare with the amount of previous years?
- 12- How does the costs reduction affect your hotel's marketing activities?
- 13- How much does your hotel gain from the costs reduction compare with total expense per year?

14-How can you manage to reduce the costs without affecting the qualities of products and services, especially in employee reduction?

15-What else would you like to add?

APPENDIX B: Interview2

Mr. Thao Phuong Ta, a patron of Huu Nghi hotel

Address: Luong Khanh Thien street, Hai Phong city Vietnam.

Telephone: 00(84)907784818

Date: 9.10.2010

Interview method: telephone

Duration: 20 minutes

Method of recording: Note-taking

Interview questions

1-Could you please introduce about yourself?

2-How long have you known about Huu Nghi hotel?

3-How many times and what kinds of product and service you have ever used in Huu Nghi hotel?

4-How do you evaluate the products and services of Huu Nghi hotel and the performance of hotel staff compare with other hotels in the city and region?

5-How do you comment and compare the landscape and facilities of Huu Nghi hotel with its competitors?

6- What do you think and respond if products and services of Huu Nghi hotel are no longer in your expectation as before?

7-What factors or cause do you think will affect the quality of products and services in Huu Nghi hotel if occurred?